

Use the question-specific markscheme together with the markbands. Award up to the maximum marks as indicated.

## SECTION A

### Microeconomics

1. (a) Analyse the private and external benefits associated with the consumption of university education. [10 marks]

Answers **may** include:

- definitions of private benefits and external benefits
- diagram to show the private and external benefits associated with the consumption of university education
- an explanation of the private benefits of university education in terms of employment prospects, the enjoyment of the experience and the development of wider life skills; explanation of the external benefits of university education in terms of: improvements in the quality of the workforce, lower unemployment, higher growth rates
- examples of the private and external benefits of university education.

### Assessment Criteria

#### Part (a) 10 marks

Level	Marks
0 The work does not reach a standard described by the descriptors below.	0
1 There is little understanding of the specific demands of the question. Relevant economic terms are not defined. There is very little knowledge of relevant economic theory. There are significant errors.	1–3
2 There is some understanding of the specific demands of the question. Some relevant economic terms are defined. There is some knowledge of relevant economic theory. There are some errors.	4–6
3 There is understanding of the specific demands of the question. Relevant economic terms are defined. Relevant economic theory is explained and applied. Where appropriate, diagrams are included and applied. Where appropriate, examples are used. There are few errors.	7–8
4 There is clear understanding of the specific demands of the question. Relevant economic terms are clearly defined. Relevant economic theory is clearly explained and applied. Where appropriate, diagrams are included and applied effectively. Where appropriate, examples are used effectively. There are no significant errors.	9–10

- (b) **Evaluate the policies a government might use to increase the consumption of university education.**

*[15 marks]*

*N.B.* It should be noted that definitions, theory, and examples that have already been given in part (a), and then referred to in part (b) should be rewarded.

Answers **may** include:

- definition of a merit good
- diagram(s) to show the impact of the policies the government might use to increase in the consumption of university education
- an explanation of the policies a government might use to increase the consumption of university education as a merit good: subsidies to universities, financial support for students, promotion of university education
- example(s) of the policies the government might use to increase the consumption of university education
- synthesis or evaluation.

Command term

“Evaluate” requires candidates to make an appraisal by weighing up the strengths and limitations.

Evaluation **may** be in terms of the policies’ costs and effectiveness.

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Opinions or conclusions should be presented clearly and should be supported by appropriate examples.

2. (a) **Explain why common access resources, such as fishing grounds, might become depleted in the absence of a price mechanism.** *[10 marks]*

Answers **may** include:

- definition of common access resources and price mechanism
- explanation of the price mechanism to show how supply and demand ration scarce resources through the signalling and incentive functions of price; how the lack of a pricing mechanism is likely to lead to overuse/depletion
- diagrams to illustrate the allocative function of the price mechanism
- examples of common access resources, for example, common grazing land, the atmosphere.

- (b) Evaluate the view that carbon taxes represent the most effective government response to the threat to sustainability posed by the use of fossil fuels.

[15 marks]

**N.B.** It should be noted that definitions, theory and examples that have already been given in part (a), and then referred to in part (b), should be rewarded.

Answers **may** include:

- definitions of sustainability, carbon taxes and fossil fuels
- explanation of relevant strategies in terms of carbon taxes, legislation, cap and trade schemes and funding for clean technologies
- diagrams to show resource depletion and/or over-use, diagrams to illustrate government responses
- examples of where such responses have occurred, or might occur
- synthesis or evaluation.

Evaluation **may** include: the positive and negative consequences of the use of carbon taxes; the positive and negative consequences of other schemes such as legislation, cap and trade schemes and funding for clean technologies; discussion of the significance of the global nature of the problem, the lack of ownership of common access resources and the need for international cooperation; consideration of whether carbon taxes are the most effective response.

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Opinions or conclusions should be presented clearly and supported by appropriate examples.